



Department of Justice

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FIVE INDICTED IN CONNECTION WITH A SCHEME TO DEFRAUD THE FEDERAL E-RATE PROGRAM

Four Individuals Arrested, One Remains a Fugitive

WASHINGTON, D.C.-- Five individuals were indicted and four of them were arrested in connection with charges of conspiracy, mail fraud, and money laundering involving a federal school and library program, the Department of Justice announced today. The program, E-Rate, subsidizes the provision of Internet access and telecommunications services, as well as internal computer and communications networks to economically disadvantaged schools and libraries.

Haider Bokhari, his wife, Kelly Bokhari, his mother, Shahida Bokhari, each of whom is from Kenosha, Wisconsin, and brother Qasim Bokhari of St. Petersburg, Florida, were arrested on April 1, in connection with the charges filed under seal on March 16 in the U.S. District Court in Milwaukee and unsealed on April 2. A third brother, Raza Bokhari, was also indicted, but is believed to be residing in Lahore, Pakistan, the Department said.

"No child should suffer a second-rate education because his or her school cannot afford the latest technology. The E-Rate Program was designed to assist the children in our nation's neediest schools," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "Those who try to rip off and illegally profit from this important program will be prosecuted."

According to the indictment, in 2001 Haider Bokhari and Qasim Bokhari submitted invoices and other documents to the Universal Service Administrative Company, falsely claiming

to have provided E-Rate goods and services to two schools in Milwaukee, and one school in Chicago. In reliance upon the allegedly fraudulent invoices and other documents, the indictment charges that the Universal Service Administrative Company paid Haider Bokhari and Qasim Bokhari over \$1.2 million dollars for goods and services that were not provided to the schools.

The indictment further charges that Haider Bokhari and Qasim Bokhari conspired with other family members, brother Raza Bokhari, mother Shahida Bokhari, and Haider's wife, Kelly Bokhari, to conduct numerous financial transactions involving the proceeds of the fraud to conceal and disguise the unlawful activity. These alleged financial transactions include wiring over \$600,000 to Pakistan, purchasing a residence in Kenosha, and acquiring several automobiles.

The Schools and Libraries Universal Service Fund, a federally-funded program known as E-Rate, was created by the Telecommunications Act of 1996. E-Rate is a program through which the Universal Services Administrative Company, a not-for-profit corporation, acting under oversight of the Federal Communications Commission, subsidizes the provision of Internet access and telecommunications services, as well as internal computer and communications networks to economically disadvantaged schools and libraries.

The investigation is being conducted jointly by the Department's Antitrust Division, the Federal Bureau of Investigation, the Criminal Investigation Division of the Internal Revenue Service, and the Inspector General's Office of the Federal Communications Commission, with assistance from the U.S. Attorney's Office for the Eastern District of Wisconsin.

"These charges again demonstrate the commitment of the FCC Office of Inspector General and the Antitrust Division of the Department of Justice to investigate and prosecute individuals who defraud the E-rate program and underscore the benefits of the effective working

relationship our office has established with the DOJ Antitrust Division,” said Thomas D. Bennett, Assistant Inspector General for Universal Service Oversight.

The conspiracy to commit mail fraud charge and three mail fraud charges, in violation of 18 U.S.C. §§ 371 and 1341, brought against Haider Bokhari and Qasim Bokhari each carry a maximum penalty per count of five years in jail, one year of supervised release, and a \$250,000 fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine.

The indictment also charges all five individuals with conspiracy to commit money laundering, in violation of 18 U.S.C. § 1956(h). The indictment further charges Haider Bokhari, Qasim Bokhari, Shahida Bokhari, and Kelly Bokhari with money laundering, in violation of 18 U.S.C. § 1956(a). The money laundering conspiracy and substantive money laundering charges each carry a maximum penalty of twenty years in jail, three years of supervised release, and the greater of a \$500,000 fine or twice the value of the property involved in the transactions.

The charges announced today resulted from an ongoing investigation by the Antitrust Division and the Federal Communications Commission of unlawful conduct concerning the E-Rate Program. Anyone with information concerning bid rigging, fraud, kickbacks, bribery or other crimes related to the E-Rate Program should contact the Chicago Field Office of the Antitrust Division at 312-353-7530.

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